



Director of
Intelligence

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SITUATION REPORT

LIBERIA

//No rioting was reported yesterday in Monrovia, but the jittery Liberian Government has called in some 240 Guinean soldiers for possible assistance if there is renewed mob action. Their unpopular presence could well provide a rallying point to re-ignite disturbances. University students and opposition members may try to stage demonstrations today.//

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Tolbert's advisers disagreed over the wisdom of bringing in Guinean troops, but the President nevertheless decided to accept Guinean's offer of aid. Liberia has long maintained good relations with Guinea, and Guinean President Toure--who has significantly moderated his policies in the past year--obviously is eager to help bolster the Tolbert government. The two countries recently signed a defense agreement.

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Reflecting the government's present paranoia, Tolbert has publicly charged that the rioting was part of an attempt to overthrow the government, and he strongly implied that there was foreign Communist involvement. This posture may presage a search for scapegoats and less conciliation toward dissenters that could result in further polarization.

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Never a European colony, Liberia--with 1.5 million people--is Africa's oldest republic and friend of the US. It was colonized by freed American slaves in 1822 and has been independent since 1847 with a US-style constitution. Descendents of freedman immigrants--"Americo-Liberians"--

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are a conservative social elite that traditionally has dominated the government, economy, and indigenous tribal peoples. [redacted]

Liberia, one of Africa's most stable countries, has experienced only one extralegal change of government--and that one over 100 years ago. President Tolbert, now 65, has been in office since 1971 and has no rivals. A deeply religious man with reformist proclivities, Tolbert has gradually increased the pace of change begun by his predecessor. He has sought to dilute control by the traditional oligarchy, to integrate the tribal majority, and to promote rural economic development. [redacted]

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Tolbert's reforms have met with some resistance from the old guard--though he has faced no serious challenge--and have fostered rising expectations that result in significantly greater demands from the poor and rural people for more benefits. Endemic government corruption and bureaucratic lethargy slow progress. [redacted]

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Until the recent disturbances, Tolbert had generally tolerated two small opposition groups with young, educated indigenous leaders that call for more drastic solutions to Liberia's inequities. The Progressive Alliance of Liberia--which called for demonstrations last week--espouses a vague African socialism, while the more radical Movement for Social Justice is Marxist-oriented. Both groups fault the rate of change, Liberia's close US ties, and foreign "exploitation" of the economy. They have some following among young professionals, workers, and students. [redacted]

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Indigenous Liberians comprise the bulk of the security forces. The 1,500-man police force is more effective than the 5,000-man army which--though traditionally apolitical--is ineptly led, poorly equipped, and manipulated to ensure docility. [redacted]

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Growth has slowed considerably since 1975, and government revenues are tight due to inflation, the depressed market for iron ore--the main export--and expenditures to hold the July summit of the Organization of African Unity in Monrovia. Restiveness is growing among workers employed by predominantly US-owned iron and rubber concessions. Per capita annual income of \$457 is relatively

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high for Africa, but income distribution is highly unequal and much of the population is outside the money economy.

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Liberia traditionally has pursued a moderate, pro-Western policy, has been wary of Communist influence, and has tried to be a mediator in Africa. Tolbert has actively sought to attune Liberia more with other African and Third World states to counter its US client state image. He expects to bolster his African credentials this year by assuming the OAU chairmanship, which goes to the head of state of the summit host country. Still, Tolbert wants to preserve the essential elements of Liberia's "special relationship" with the US, its most important source of economic and military aid.

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Liberia has always looked to the US for help in time of need. The US has provided more than \$300 million in economic and military aid since 1946. American private investment stands at \$348 million. Under a military agreement, the US has access to Liberia's main port and airfield.

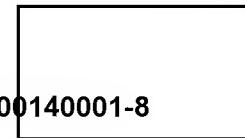
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BRIEFS AND COMMENTS

IRAN: Revolutionary Committees' Activities

The abrupt departure of Ayatollah Taleghani from Tehran during the weekend and Foreign Minister Sanjabi's submission of his resignation highlight the growing frustration among some Iranian leaders over the uncontrolled activities of the revolutionary committees. Although some signs of normalcy are returning to the country, neither Prime Minister Bazargan nor Ayatollah Khomeini seems fully in control and a breakdown in civil order remains possible.

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Taleghani went into seclusion to protest the arrest and detention of his two sons and a daughter-in-law, apparently by revolutionary guards directed by one of the committees. The family members were released only after a Taleghani supporter captured one of the leaders of the committee responsible for the detention.

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Taleghani has attempted to limit the exercise of power by the revolutionary committees, which in effect form a parallel government. Khomeini, however, has taken no steps to disband the committees. Reported differences between Khomeini and Taleghani are likely to intensify as a result of the incident involving Taleghani's relatives.

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Sanjabi has been frustrated by his inability to influence foreign policy decisions and reportedly was distressed by the activities of the revolutionary courts and the summary executions. Sanjabi has scheduled a press conference today, presumably to air his views.

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Although some Western observers claim to have noted a decline in outward signs of instability, the country's basic political and economic fabric seems likely to continue to weaken. Deputy Prime Minister Entezam admitted to US Embassy officers on Sunday that the government is having internal problems and that the Islamic Revolutionary Council continues to make major policy decisions, apparently without Bazargan's approval. Given the large numbers of weapons in the hands of many disparate groups, there is a continuing threat that widespread violence could develop from a minor incident.

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TANZANIA-UGANDA: Nyerere's Intentions

//Although a new government has been installed in Kampala, Tanzanian President Nyerere appears ready to keep troops in Uganda for at least three months. The timetable for Tanzanian withdrawal will depend upon the new Ugandan Government's ability to establish itself and to train--with Tanzanian help--an effective defense force. Nyerere apparently believes he can deflect any international criticism of a prolonged Tanzanian presence in Uganda.//

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//Nyerere indicated the depth of his commitment to Ugandan reconstruction during a speech on Thursday in which he recognized the government of Yusufu Lule. He compared Tanzania's continued presence in Uganda to the Allied occupation of Germany after World War II and said that he dares not withdraw Tanzanian forces because deposed President Amin and his backers still constitute a threat. Indeed, internal conditions in Uganda are chaotic; civil authority has crumbled and armed groups--some still loyal to Amin--roam at will in the northern two-thirds of the country.

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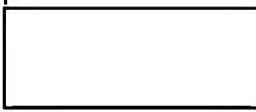
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THAILAND-KAMPUCHEA: Refugees

Thai authorities are attempting to turn back a rising flow of refugees from Kampuchea. The Thai are concerned about being drawn into the conflict between the rival Kampuchean regimes and are reluctant to add to their own already considerable refugee burden. [redacted]

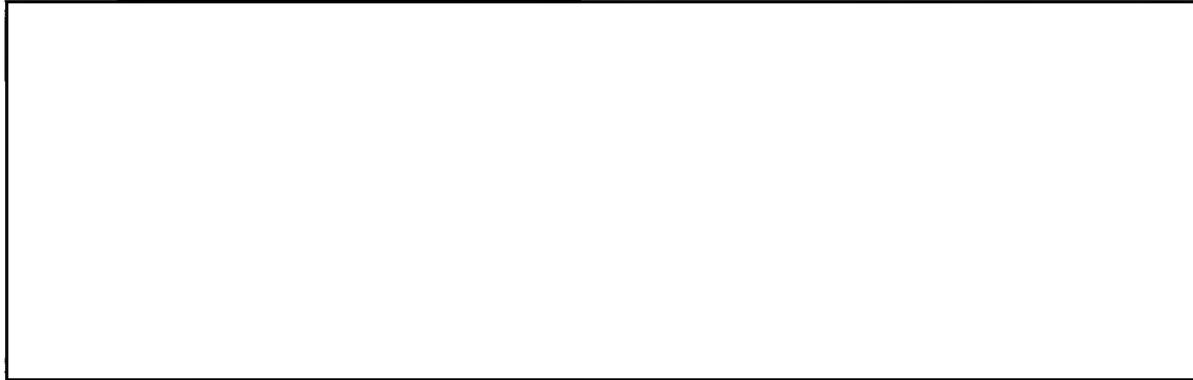
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Extensive Vietnamese sweep operations near the Thai border have caused several thousand Kampuchean soldiers and civilians to flee to Thailand in the past several days. The refugee flow had been surprisingly light after invading Vietnamese forces seized major cities in western Kampuchea in mid-January, but some 4,500 Kampucheans have now taken refuge in Thai camps. [redacted]

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Although Thai practices have been inconsistent, reflecting considerable local latitude, they have generally attempted to discourage the refugees. In some areas the Thai have allowed sales of food and medical supplies across the border to keep thousands of Kampucheans from entering. In other areas they have taken tougher measures, including shooting at the refugees. Civilians who have crossed the border have normally been allowed to stay, although some have been sent back against their will. [redacted]

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SOUTH KOREA: Financial Scandal

//South Korea is in the midst of a major financial scandal involving the Yulsan Group, a large conglomerate that filed for bankruptcy in February. The fallout promises to embarrass President Pak seriously by implicating senior government and business leaders in illegal financial dealings. After Seoul tightened monetary controls last fall as part of an anti-inflation campaign Yulsan collapsed; the collusion of several high-ranking South Korean officials in the conglomerate's dealings subsequently came to light.//

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//Seoul is concerned that similar financial practices are widespread, though not to the same degree. Because of the intense demand for credit, government officials have inevitably become involved in allocating available funds.//

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//The timing of the scandal is also troublesome for Pak because South Korea's dissidents, who often mount antigovernment campaigns in the spring, could well focus on the scandal. Seoul's university students have recently returned to the campuses following the winter break, and Pak's longtime adversary Kim Tae-chung and others have been casting about for a dramatic issue they could use to attack the government.//

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//Pak is moving quickly to limit the damage. Security officials have arrested the president of Yulsan

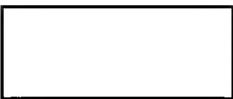
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If, however, the economic costs of the scandal begin to have an impact on other large firms--which have been engines of economic growth--Pak may decide to try to insulate them.//

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TURKEY: Schisms Within Cabinet

The government of Prime Minister Ecevit received yet another challenge last weekend, when six of the 10 independent ministers who give it a two-seat parliamentary majority publicly expressed displeasure with Ecevit's policies. Already beset with economic and internal security crises and facing challenges within his Republican Peoples' Party, Ecevit will need to muster his diminishing authority and political capital to placate the independents while keeping his other backers in line. [redacted]

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The ministers, who have the qualified support of three of the four other independents in the governing majority, criticized the government for allowing "extremists" to infiltrate state organizations; called for an end to corruption and favoritism; complained of efforts to legalize Communism and undermine private enterprise; and insisted they must be consulted in the formulation of economic policy. Ecevit chastised the independents for unexpectedly and publicly discussing cabinet issues but indicated that the cabinet would discuss their grievances at yesterday's session. [redacted]

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The independents are upset at being excluded from Ecevit's narrowing circle of advisers but must share responsibility for the government's decisions. They have also been at odds with Republican deputies. As the more conservative ministers in the government, they are also disturbed by what they see as its leftward drift. [redacted]

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A number of options are available to the independents, whose abandonment of Justice Party leader Demirel's government in December 1977 caused it to fall. They can use their pivotal role in the government to influence Ecevit's policies and enhance their prestige. Alternatively, they might try to curry favor with the opposition Justice Party, which has been working to lure Ecevit's supporters away from him. The independents also have some hopes of providing the nucleus for a future "above parties" government. They must move carefully, however, since if they bring down the government, they might not be assured of similar posts in its successor.

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INTERNATIONAL: NPT Conference Preparations

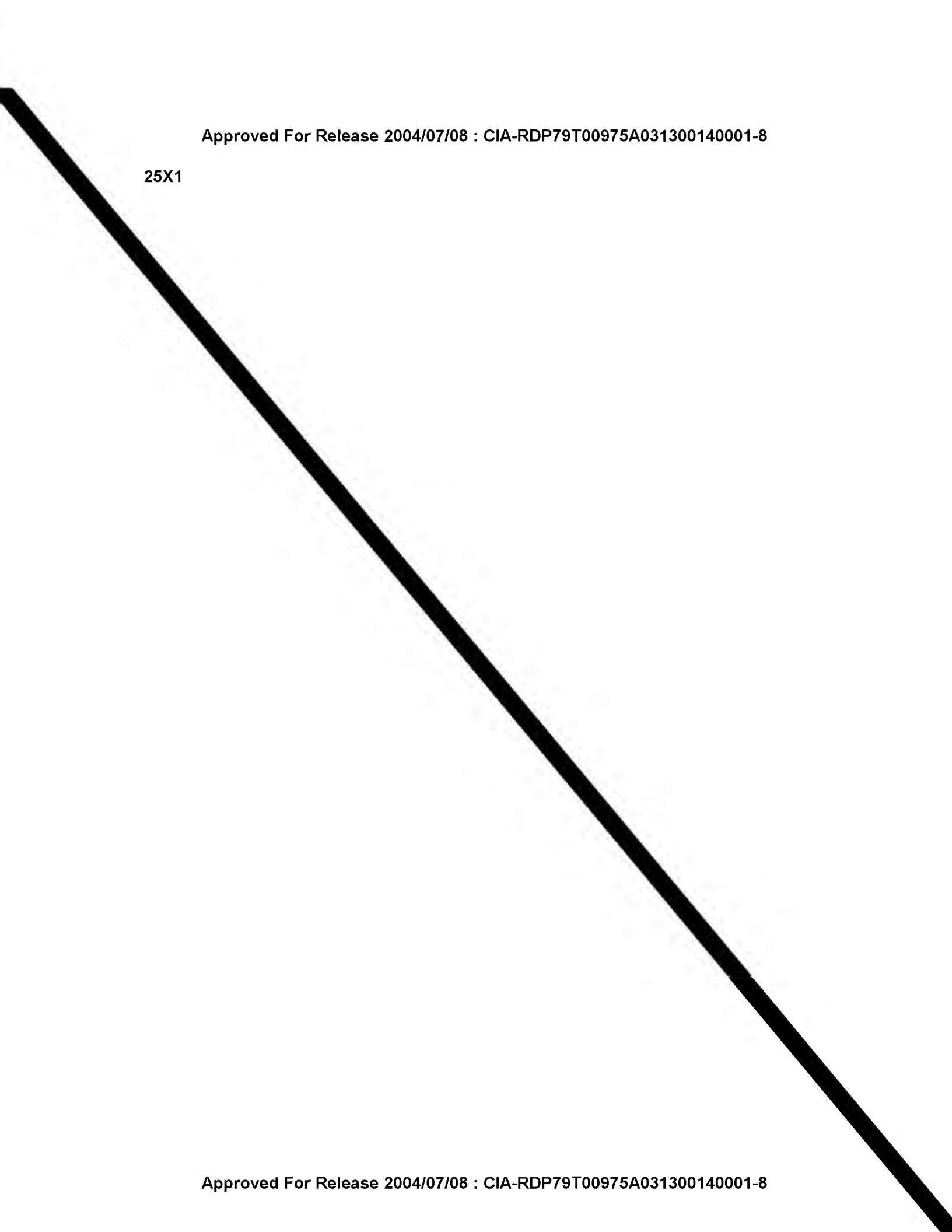
Preparatory meetings for the second conference to review the status of the Nuclear Non-Proliferation Treaty begin today in Geneva. About 40 states that signed the treaty are represented at the first meeting of the preparatory committee, which is expected to be in session for about 10 days. Although the committee will focus primarily on procedural and administrative arrangements for the Review Conference early next year, it may also discuss the delicate balance of rights and obligations assumed by both nuclear and nonnuclear weapons states under the 1968 treaty.

As in previous NPT-related meetings, divisions between industrial and developing nations and those between suppliers and recipients of nuclear technology will influence each nation's position on procedural issues. Many of the developing nations during the preparatory phase may try to steer discussion into substantive areas. They may even insist that the preparatory committee draft portions of the final report for the Review Conference. Such demands are likely to generate pressure to extend the preparatory phase, perhaps to three meetings rather than the two the US and some other industrial nations prefer.

If the preparatory meetings do touch upon substantive matters, the developing nations and some resource-poor industrial nations will maintain that the treaty as it now exists is discriminatory and detrimental to their economic and security interests. The US could come in for rough treatment because many states hoping to acquire nuclear technology view recent US initiatives, especially the Nuclear Non-Proliferation Act of 1978, as contrary to provisions of the NPT that encourage access to such technology for peaceful purposes.

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EGYPT-CHINA: Military Equipment

//Egyptian President Sadat told the US Ambassador last week that Egypt had provided China with the Soviet SA-6 surface-to-air missile system and the MIG-23 aircraft. The equipment may be in return for some 40 F-6 aircraft--the Chinese version of the MIG-19--that China has been delivering to Egypt over the past several months; rumors of such a payback arrangement have circulated in Cairo for some time. The Chinese probably received only one copy of each system for exploitation. Careful analysis of these systems could provide the Chinese with design and construction information useful in their efforts to produce sophisticated weapons systems. Such information will also help the Chinese improve their defenses and countermeasures against those systems.//

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